

UNITED FOODS COMPANY (PSC)
DUBAI – UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION
30 JUNE 2009 (UN-AUDITED)

UNITED FOODS COMPANY (PSC)
Dubai – United Arab Emirates

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30 June 2009

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Review Report of Independent Auditors

To the shareholders of
United Foods Company (PSC)
Dubai, United Arab Emirates

Public Accountants

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Introduction

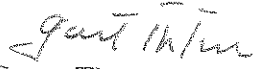
We have reviewed the accompanying interim condensed financial information of United Foods Company (PSC) (the "Company") which comprise the interim condensed statement of financial position as at 30 June 2009 and the related interim condensed statement of comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the six-months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance as that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respect in accordance with International Financial Reporting Standards.


Grant Thornton
Farouk Mohamed
(Registration no. 86)

Dubai, United Arab Emirates
Date: 12 July 2009

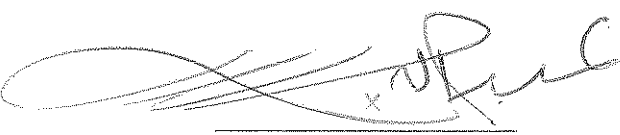
UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2009

	(Un-audited) 30 June 2009 AED	(Audited) 31 December 2008 AED
Assets		
Non-current		
Property, plant and equipment	60,861,390	63,247,639
Available-for-sale investments	412,785	318,209
	<u>61,274,175</u>	<u>63,565,848</u>
Current		
Inventories	66,726,321	81,461,077
Trade and other receivables	57,059,081	71,433,255
Cash and bank balances	1,504,557	1,047,713
	<u>125,289,959</u>	<u>153,942,045</u>
Total assets	<u>186,564,134</u>	<u>217,507,893</u>
Equity		
Share capital	25,000,000	25,000,000
Statutory reserve	8,750,000	8,750,000
General reserve	15,314,980	15,314,980
Fair value reserve for available-for-sale investments	136,093	41,517
Retained earnings	25,570,687	-
Total equity	<u>74,771,760</u>	<u>49,106,497</u>
Liabilities		
Non-current		
Employees' end of service benefits	2,343,516	2,940,052
Borrowings	7,500,000	10,000,000
	<u>9,843,516</u>	<u>12,940,052</u>
Current		
Borrowings	53,578,605	88,121,202
Bank overdrafts	16,011,621	40,163,268
Trade and other payables	32,358,632	27,176,874
	<u>101,948,858</u>	<u>155,461,344</u>
Total liabilities	<u>111,792,374</u>	<u>168,401,396</u>
Total equity and liabilities	<u>186,564,134</u>	<u>217,507,893</u>

The interim financial information was approved by the Board of Directors on 12 July 2009 and signed on their behalf by:


Mr. Ali Bin Humaid Al Owais
Chairman


HE Abdulla Sultan Al Owais
Vice Chairman

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 June 2009

	(Un-audited) 6-months ended 30 June 2009 AED	(Un-audited) 6-months ended 30 June 2008 AED	(Un-audited) 3-months ended 30 June 2009 AED	(Un-audited) 3-months ended 30 June 2008 AED
Sales	200,792,010	351,795,652	105,900,379	175,106,652
Cost of sales	(161,200,898)	(317,100,017)	(85,705,429)	(160,332,133)
Gross profit	39,591,112	34,695,635	20,194,950	14,774,519
Selling and distribution expenses	(8,252,277)	(14,567,504)	(4,424,175)	(6,800,494)
Advertising expenses	(132,236)	(1,783,365)	(88,394)	(627,742)
General and administration expenses	(3,891,476)	(5,140,998)	(1,782,596)	(2,229,411)
Profit from operations	27,315,123	13,203,768	13,899,785	5,116,872
Other income	733,756	1,979,999	233,212	1,219,050
Finance charges	(2,478,192)	(3,383,073)	(1,079,447)	(1,757,230)
Net profit for the period	25,570,687	11,800,694	13,053,550	4,578,692
Other comprehensive income				
Available-for-sale financial assets				
-current period fair value adjustment	94,576	(265,270)	101,772	1,291,098
Total comprehensive income for the period	25,665,263	11,535,424	13,155,322	5,869,790
Earnings per share - basic and diluted	1.02	0.47	0.52	0.18

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Dubai - United Arab Emirates

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2009

	Share capital AED	Statutory reserve AED	General reserve AED	Fair value reserve for available-for-sale investments AED	Retained earnings AED	Total AED
Balance at 1 January 2008 (audited)	25,000,000	8,750,000	58,500,000	1,291,028	3,724,898	97,265,926
Dividends paid						
Net profit for the period	-	-	-	-	(2,500,000)	(2,500,000)
Other comprehensive income:						
Fair value adjustment on available-for-sale investment	-	-	-	(265,270)	-	(265,270)
Balance at 30 June 2008 (un-audited)	25,000,000	8,750,000	58,500,000	1,025,758	13,025,592	106,301,350
Net profit for the period				-	(56,210,612)	(56,210,612)
Other comprehensive income:						
Fair value adjustment on available-for-sale investment	-	-	-	(984,241)	-	(984,241)
Transfer of reserves	-	-	(43,185,020)	-	43,185,020	-
Balance at 31 December 2008	25,000,000	8,750,000	15,314,980	41,517	-	49,106,497
Net profit for the period	-	-	-	-	25,570,687	25,570,687
Other comprehensive income:						
Fair value adjustment on available-for-sale investment	-	-	-	94,576	-	94,576
Balance at 30 June 2009 (un-audited)	25,000,000	8,750,000	15,314,980	136,093	25,570,687	74,771,760

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the period ended 30 June 2009

	(Un-audited) 6-months ended 30 June 2009 AED	(Un-audited) 6-months ended 30 June 2008 AED
Operating activities		
Net profit for the period	25,570,687	11,800,694
Adjustments for:		
Depreciation	4,084,507	4,229,957
Interest expense	2,478,192	3,383,073
Provision for employees' end of service benefits	354,000	640,000
Profit on sale of property, plant and equipment	(12,943)	(88,292)
Operating profit before working capital changes:	32,474,443	19,965,432
Decrease/(increase) in inventories	14,734,756	(26,987,572)
Decrease/(increase) in trade and other receivables	14,374,174	(30,951,658)
Increase in trade and other payables	4,734,476	58,297,676
Cash generated from operations	66,317,849	20,323,878
Interest paid	(2,030,911)	(3,183,289)
Employees' end of service benefits paid	(950,536)	(321,068)
Cash provided by operating activities	63,336,402	16,819,521
Cash flow from investing activities		
Purchase of property, plant and equipment	(1,738,184)	(2,339,161)
Proceeds from sale of property, plant and equipment	52,961	118,000
Cash used in investing activities	(1,685,223)	(2,221,161)
Cash flow from financing activities		
Net (outflow) / inflow on trust receipts	(3,685,155)	-
Net outflow on term loan	(30,857,533)	-
Repayment of long term loan	(2,500,000)	(2,500,000)
Dividends paid	-	(2,500,000)
Cash used in financing activities	(37,042,688)	(5,000,000)
Net increase in cash and cash equivalents	24,608,491	9,598,360
Analysis of net increase in cash and cash equivalents:		
Cash and cash equivalents at 1 January	(39,115,555)	33,176,535
Cash and cash equivalents at 30 June	(14,507,064)	(23,578,175)
	24,608,491	9,598,360

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Notes to the interim condensed financial information (Un-audited)
For the period ended 30 June 2009

1. LEGAL STATUS AND ACTIVITIES

United Foods Company (PSC) (the "Company") was incorporated in Dubai under a decree issued by His Highness the Ruler of Dubai. On 27 June 1994 the company amended its status to comply with the provisions of the UAE Commercial Companies Law of 1984 (as amended) as a public shareholding company. The Company's registered office is in Al Quoz, Dubai and its address is PO Box 5836, Dubai, United Arab Emirates. The principal activities of the Company are the manufacture, processing and marketing of hydrogenated vegetable ghee, cooking oil, margarine and butter products.

The Company listed its shares on the Dubai Financial Market (DFM) in July 2006.

The Company had 408 employees as of 30 June 2009 (2008:428).

2 Basis of preparation

The interim condensed financial information of the Company is prepared in accordance with International Financial Reporting Standards including specific guidelines of International Accounting Standards (IAS) 34, "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2008.

3 Summary of significant accounting policies

This interim condensed financial information has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2008 except for the adoption of:

- IAS 1 Presentation of Financial Statements (Revised 2007)
- IFRS 8 Operating Segments
- IAS 23 Borrowing Costs (Revised 2007)

The adoption of IAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. The measurement and recognition of the Company's assets, liabilities, income and expenses is unchanged.

The IFRS 8 requires identification of reported segments based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual and interim financial statements, segments were identified by reference to the dominant source and nature of the Company's risks and returns. The adoption of IFRS 8 has not affected the identified operating segments for the Company.

UNITED FOODS COMPANY (PSC)
Notes to the interim condensed financial information (Un-audited)
For the period ended 30 June 2009

3 Summary of significant accounting policies (continued)

IAS 23 (Revised 2007) requires the capitalisation of borrowing costs to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. In accordance with the transitional provisions, no retrospective restatement of borrowing costs has been made. Borrowing costs have been capitalised only for qualifying assets with a commencement date after 1 January 2009. The adoption of this standard does not have an impact on the interim condensed financial information.

The accounting policies have been applied consistently throughout the Company for the purposes of preparation of this interim condensed financial information.

4 Critical accounting judgements and key sources of estimation uncertainty

Estimates that have a significant effect on the operating results and the carrying amounts of assets within the period ended 30 June 2009 relates to the valuation of inventories. Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to fluctuations in commodity prices which may cause selling prices and the future realisation of the carrying amounts of inventory to change rapidly.

5 Segmental information

The management has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form a single segment under the standard. From a geographical perspective, the Company's substantial activities are focused in the Middle East region. Equally, in relation to business segmentation, the Company's products are predominantly focused in the manufacture and processing of butter and cooking oil and the management considers that the risk and rewards from various product lines of the Company are not materially different.

UNITED FOODS COMPANY (PSC)
Notes to the interim condensed financial information (Un-audited)
For the period ended 30 June 2009

6 Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	6 months ended		3 months ended	
	30 June 2009 AED	30 June 2008 AED	30 June 2009 AED	30 June 2008 AED
Profit for the period	25,570,687	11,800,694	13,053,550	4,578,692
Weighted number of shares outstanding during the period	25,000,000	25,000,000	25,000,000	25,000,000
Earnings per share – Basic and diluted	1.02	0.47	0.52	0.18

7 CAPITAL COMMITMENTS

The capital commitments of the Company as at 30 June 2009 were AED 385,317 (31 December 2008: AED 986,238).

8 CONTINGENCIES AND OTHER COMMITMENTS

	30 June 2009 AED	31 December 2008 AED
Export Sales to be made through irrevocable letters of credit	2,045,424	30,182,407
Guarantees	1,176,180	978,360
Purchase commitments	81,035,271	37,062,200